



State of New Jersey

BOARD OF PUBLIC UTILITIES
TWO GATEWAY CENTER
NEWARK, NJ 07102

IN THE MATTER OF THE PETITION OF)	<u>ENERGY</u>
ROCKLAND ELECTRIC COMPANY TO)	
EXTEND THE ENROLLMENT PERIOD)	ORDER EXTENDING RIDERS
AND TO MAKE CERTAIN CHANGES TO ITS)	
BUILDING UTILIZATION AND BUSINESS)	DOCKET NO. ER00010025
EXPANSION RIDERS)	

(SERVICE LIST ATTACHED)

BY THE BOARD:

By Order dated December 30, 1992, in Docket No. ET92090949, the Board of Public Utilities (Board) approved a request by Rockland Electric Company (RECO or Company) to amend its electric tariffs to incorporate a Building Utilization Rider (BUR) and a Business Expansion Rider (BER). The riders were intended to spur economic development within RECO's service territory and were to expire on December 31, 1994. By Order dated January 24, 1995, in Docket No. ET94110528, the Board approved an extension of the riders an additional year through December 31, 1995. By further Order dated February 7, 1996, in Docket No. ET95100512, the Board approved an extension of the riders for an additional two years through December 31, 1997. By Order dated December 17, 1997, in Docket No. ET97110826, the Board approved an extension of the riders from January 1, 1998 to December 31, 1999.

By its letter petition dated January 19, 2000, RECO is requesting the Board's approval to extend the enrollment period of its Building Utilization Rider and its Business Expansion Rider from March 1, 2000 through December 31, 2002.¹

The Building Utilization Rider is available to certain commercial and industrial customers who purchase or lease a minimum of 7,500 square feet of building space that has been vacant for at least three months, and who add new permanent full-time employees to their payrolls. The building space must require less than 50% of the estimated first year net annual revenue in additional Company investment in facilities.

¹Since these tariffs expired on December 31, 1999, no additional customers have been enrolled since that date. However, customers already receiving service under these tariffs have continued to receive the BUR/BER credits.

In return, an eligible customer receives, subject to certain seasonal and/or usage criteria, a credit of \$.00675 per kilowatt-hour of usage, which is applied to the customer's monthly electric bill for 36 consecutive billing months.

The Business Expansion Rider is available to certain commercial and industrial customers who expand their building space by at least 7,500 square feet, and who add permanent new full-time employees to their payrolls. The building space must require less than 50% of the estimated first year net annual revenue in additional Company investment in facilities. In return, an eligible customer receives, subject to certain seasonal and/or usage criteria, a credit of \$.00675 per kilowatt-hour of usage, which is applied to the customer's monthly electric bill for 36 consecutive billing months. This rider also provided an Employment Development Credit under which, subject to certain criteria, a customer was entitled to a \$15 per month credit for 12 consecutive billing months for each permanent full-time employee hired, subject to a maximum credit of \$18,000.

RECO's January 19, 2000 letter petition also included its proposal to make the following changes:

1. New Facilities

The Company is proposing to include new facilities under the BER. The current BUR and BER encourage the utilization of vacant space and the construction of additions to existing facilities. The existing riders do not encourage the construction of entirely new facilities.

2. Minimum Square Footage

The Company is proposing to increase the minimum square footage requirements of both the BUR and BER from 7,500 to 10,000 square feet. The Company stated that facilities in excess of 10,000 square feet offer the greatest potential for new job creation.

3. Employment Development Credit

The Company is proposing to eliminate the Employment Development Credit (EDC) provision of its BER. The Company alleges that the EDC has not been significant in attracting new businesses and that the administrative burden of tracking the EDC exceeds its value.

4. Annual Limits on Applications Approved

The Company proposes to add a provision to establish annual limits for applications to be approved under both the BUR and BER. Under the provision, the Company would not be required to approve additional applications in a calendar year if applications representing more than 500,000 square feet have been accepted in such calendar year.

By letter dated April 3, 2000, RECO modified its proposal, at Staff's request, to maintain the minimum square footage requirements of both the BUR and BER at 7,500 square feet. Staff and the Division of the Ratepayer Advocate do not object to the Company's modified proposal to extend the riders.

In addition, the Company's BUR and BER reflect modifications created by the Electric Discount and Energy Competition Act, which provided for a restructuring of the electric industry, and also unbundled rates. Pursuant to the Board's Summary Order dated July 28, 1999 in Docket Nos.EO97070464, EO97070465, and EO97070466, the BUR/BER credits were reduced by the portion related to providing commodity service; the credits now apply to delivery service only. Eligibility for the BUR and BER is not conditioned upon the customer acquiring generation service from RECO or a RECO affiliate.

In its prior Orders approving the riders, the Board directed RECO to file quarterly reports describing the status of the riders. As of December 31, 1999, the Company reported that 41 applications for the BUR have been approved since its January, 1993, inception. These customers have collectively occupied 1,695,350 square feet of vacant building space and have added 2,531 employees. Five applications for the BER have been approved since its January, 1993 inception, with these customers expanding their building space by 150,000 square feet and adding 41 new employees. In total, customers have received \$657,000 in credits through the BUR/BER programs since their inception.

Based upon its review of this matter, the Board **FINDS** RECO's modified proposal to extend its BUR and its BER until December 31, 2002, to be reasonable and beneficial as it will continue to provide a stimulus for the economy in RECO's service territory. In addition, the Board has approved similar requests by other electric companies of this State to extend the implementation periods of comparable economic recovery programs. The Company is **DIRECTED** to file, for the Board's consideration, tariffs consistent with the Board's findings within five (5) days from the date of this Order, for service rendered on or after the date of this Order. The findings herein do not constitute Board approval of accounting or rate recovery treatment for the costs associated with the BUR and BER service provisions.

Further, in order to avoid an unintended expiration of the BUR/BER in the future, the Board **DIRECTS** RECO to make all future filings to extend its BUR/BER at least 45 days prior to its expiration.

Furthermore, the Board **ORDERS** RECO to continue to file quarterly reports with the Board, describing the status of its Building Utilization Rider and its Business Expansion Rider.

Except for the specific modifications contained herein, all other provisions of the Board's prior Orders of approval in this matter, in Docket Nos. ET92090949, ET94110528, ET95100512 and ET97110826 remain in effect.

DATED: 4/27/00

**BOARD OF PUBLIC UTILITIES
BY:**

**____ SIGNED ____
HERBERT H. TATE
PRESIDENT**

**____ SIGNED ____
CARMEN J. ARMENTI
COMMISSIONER**

**____ SIGNED ____
FREDERICK F. BUTLER
COMMISSIONER**

ATTEST:

**____ SIGNED ____
EDWARD D. BESLOW
ACTING BOARD SECRETARY**